

**NIOX GROUP PLC**  
(formerly Circassia Group plc)

("NIOX" or the "Company"  
and, together with its subsidiaries, the Group")

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**Oxford, UK – 14 September 2022:** NIOX Group plc (LSE: NIOX), a company engaged in the design, development, and commercialisation of medical devices for asthma diagnosis and management, today announces its unaudited interim results for the six months ended 30 June 2022 ("H1 2022").

**Financial highlights**

- Underlying NIOX® revenue growth of 11% to £15.5 million (excluding the effect of a one-off revenue item of £0.6 million recognised in H1 2021)
- The Group generated an adjusted EBITDA profit of £3.2 million (H1 2021: £0.3 million loss), reflecting improved margins and a substantial reduction in the cost base
- Strong balance sheet with no debt and cash of £13.8 million as of 30 June 2022 (30 June 2021: £11.3 million, 31 December 2021: £12.6 million)

**Financial progress**

	<b>H1 2022</b>	H1 2021
	<b>£m</b>	£m
<b>Revenue</b>	<b>15.5</b>	14.6
<b>Gross margin</b>	<b>71%</b>	68%
<b>Total expenditure<sup>1</sup></b>	<b>(7.8)</b>	(10.2)
<b>Adjusted EBITDA<sup>2</sup></b>	<b>3.2</b>	(0.3)
<b>Operating profit / (loss)</b>	<b>0.6</b>	(2.6)
<b>Beyond Air settlement consideration</b>	<b>8.1</b>	-
<b>Profit / (loss) before tax from continuing operations</b>	<b>8.9</b>	(2.0)
<b>Profit for the financial period from discontinued operations</b>	<b>0.3</b>	1.1
<b>Profit / (loss) for the financial period</b>	<b>9.2</b>	(0.9)
<b>Cash<sup>3</sup> at period end</b>	<b>13.8</b>	11.3

<sup>1</sup> Excludes depreciation, amortisation, impairment and share option charge.

<sup>2</sup> Earnings before interest, tax, depreciation, amortisation, impairment and share option charge. See note 12 for reconciliation.

<sup>3</sup> Includes cash and cash equivalents.

**Operational highlights**

- FDA approval for Beyond Air's LungFit® PH device received on 28 June 2022, initiating total milestone payments of \$10.5 million over the next three years, with up to a further \$6 million in royalty payments thereafter
- Ongoing transition to distributor-led business model with new arrangements in the USA and China expected to drive scalable revenue growth

**Post period end**

- Initial payment of \$2.5 million received from Beyond Air on 24 August 2022
- Net cash at 31 August 2022 increased to £17.6 million
- The Company received approval from shareholders on 1 September 2022 to change its name from Circassia Group plc to NIOX Group plc
- The Company will shortly be proposing a capital reduction scheme to shareholders for approval in order to provide flexibility to enable the Board to return surplus cash to shareholders, via dividends and/or share buybacks, if considered appropriate in the future



**Ian Johnson, NIOX's Executive Chairman, said:** "The Group has performed well in the first half of the year with good underlying growth in revenue and profits despite Covid-19 lockdowns persisting in China and the ongoing effects of Covid-19 on testing volumes in Japan. Cash generation remained strong with net cash at the half year of £13.8 million, up from £12.6 million at the end of 2021.

*Future revenue growth is likely to be driven by success in raising the awareness of the benefits of FeNO testing amongst clinicians, patients and drug developers, the continued expansion of our worldwide network of distributors and investing in the installed base of devices. The NIOX Group is now in a strong financial position to deploy its cash resources to invest in these areas and also to develop next generation devices, including a home-use device.*

*The second half has started well with revenues for July and August taken together up 25% on the same period in 2021. Margins remain strong and costs are continuing at a much-reduced level. The Board remains confident of achieving management expectations for the full year, which were significantly upgraded in July."*

## **Contacts**

### NIOX

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## **About NIOX**

Our ambition is to improve the quality of life of millions of people suffering from asthma. Asthma is one of the biggest healthcare issues globally with 340 million sufferers, many of whom are undiagnosed or misdiagnosed. The Group is engaged in the design, development, and commercialisation of medical devices for the measurement of FeNO, a biomarker of inflammatory asthma. Our market leading device, NIOX VERO®, is increasingly recognised by healthcare professionals as an important tool to improve the diagnosis and management of asthma. NIOX VERO® is also the device of choice by leading clinical research organisations for respiratory studies. We passionately believe in empowering everyone to manage their health at home and will look to provide a device designed exclusively for home use.

At present, NIOX provides products and services in around 50 countries. For more information, please visit [www.investors.niox.com](http://www.investors.niox.com)

The Group's interim results report is available online at [www.investors.niox.com/investors/financial-reports/](http://www.investors.niox.com/investors/financial-reports/)

## **Forward-looking statements**

*This press release contains certain projections and other forward-looking statements with respect to the financial condition, results of operations, businesses and prospects of NIOX. The use of terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target" or "believe" and similar expressions (or the negatives thereof) are generally intended to identify forward-looking statements. These statements are based on current expectations and involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Any of the assumptions underlying these forward-looking statements could prove inaccurate or incorrect and therefore any results contemplated in the forward-looking statements may not actually be achieved. Nothing contained in this press release should be construed as a profit forecast or profit estimate. Investors or other recipients are cautioned not to place undue reliance on any forward-looking statements contained herein. NIOX undertakes no obligation to update or revise (publicly or otherwise) any forward-looking statement, whether as a result of new information, future events or other circumstances.*

## OPERATING REVIEW

### Introduction

The Group performed well in the first half of 2022 with revenues up 6% to £15.5 million (H1 2021: £14.6 million). Underlying revenues (excluding the effect of a one-off item of £0.6 million recognised in H1 2021) grew by 11%. The business made a profit at an adjusted EBITDA level of £3.2 million (H1 2021: £0.3 million loss).

### Business review

**NIOX** is the market leader in point of care FeNO testing for the diagnosis and management of asthma. The NIOX VERO® device is approved in most major markets.

**Clinical** sales grew by 12% to £13.0 million (H1 2021: £11.6 million, excluding the one-off item of £0.6 million). Recurring revenues from test kit sales provide good visibility of earnings and are typically 90% of total clinical sales. The clinical business has continued to recover from its low point in the second quarter of 2020 with underlying revenues now approximately 90% of pre-pandemic levels.

In our major geographic regions, EMEA has experienced significant growth in H1 2022 and is now ahead of pre-pandemic levels whilst APAC and the Americas are yet to fully recover.

**Research** sales grew by 4% to £2.5 million (H1 2021: £2.4 million). Period comparisons are difficult given revenues more than doubled in the first half of 2021 (H1 2020: £0.9 million) as clinical trials resumed, adapting to the constraints imposed by the pandemic.

### Discontinued operations

The discontinued COPD business generated a small profit of £0.3 million in the first half of the year (H1 2021: £1.1 million) as a result of the recognition of some rebate credits received in respect of prior periods.

The Group retains an accrual of £3.4 million (31 December 2021: £3.7 million) in respect of potential future rebate payments and £2.1 million (31 December 2021: £1.9 million) in respect of potential product returns. The level of rebate claims received in H1 2022 was £0.6 million and no claims for returns have been received since 30 June 2022. The remainder of the movement relates to exchange rate fluctuations.

### Beyond Air

On 28 June 2022, Beyond Air, Inc. ("Beyond Air") confirmed that it had received approval from the U.S. Food and Drug Administration (FDA) for its LungFit® PH device.

As a result of this news and in accordance with the terms of a previously announced settlement agreement with Beyond Air, the Group is entitled to receive payments of \$10.5 million in total, in three instalments as follows:

- \$2.5 million within 60 days of the approval of LungFit® by the FDA ("FDA approval") - received on 24 August 2022
- \$3.5 million within 60 days of the first anniversary of FDA approval
- \$4.5 million within 60 days of the second anniversary of FDA approval

In addition, the Group is entitled to a royalty of 5% of net sales of the device, commencing on the second anniversary of FDA approval and capped at a maximum of \$6 million.

### Energy prices and inflation

The Group does not manufacture its own products and accordingly energy costs are a very small component of total costs. The effect of inflationary pressures on purchase prices from its two main suppliers is mitigated both by the group's high gross margins and its ability to implement price increases in the majority of its markets.

### Outlook

Management is continuing to implement a growth strategy that will raise the awareness of the benefits of FeNO testing and significantly improve the availability of NIOX® worldwide by expanding distribution, optimising reimbursement and improving patient access. Exploring use in the home and availability in pharmacies and the workplace will further improve patient access as greater emphasis is placed on managing patients in non-hospital locations. The Group is now in a strong financial position to deploy its cash resources to invest in these areas. While mindful of these prospective investments which have the scope to enhance shareholder value materially from the increased use of NIOX® tests, the Company will shortly seek shareholder approval



for a Court-sanctioned capital reduction. This will provide flexibility in due course to return any surplus cash beyond the needs of the business, by way of dividends and/or share buybacks.

The second half has started well with revenues in July and August taken together up 25% on the same period last year, margins remain strong and costs are well controlled. Notwithstanding continuing Covid-19 related lockdowns in China and ongoing restrictions in Japan, the Board remains confident of achieving the upgraded full year expectations and the longer term prospects for value creation in the NIOX Group.

## FINANCIAL REVIEW

The first half of 2022 has been a period of continued recovery for NIOX following the Covid-19 pandemic.

	Six months ended 30 June 2022	Six months ended 30 June 2021	Twelve months ended 31 December 2021
	£m	£m	£m
Revenue	15.5	14.6	27.9
Cost of sales	(4.5)	(4.7)	(8.9)
<b>Gross profit</b>	<b>11.0</b>	9.9	19.0
<b>Gross margin</b>	<b>71%</b>	68%	68%
Research and development costs	(1.9)	(2.6)	(4.6)
Sales and marketing costs	(4.6)	(6.7)	(11.9)
Administrative expenses	(3.9)	(3.2)	(6.8)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>3.2</b>	(0.3)	0.6
<b>Operating profit / (loss)</b>	<b>0.6</b>	(2.6)	(4.3)
Other gains and (losses) – net	0.3	0.7	1.6
Other income	8.3	0.1	0.9
Net finance costs	(0.3)	(0.2)	(0.3)
<b>Profit / (loss) before tax</b>	<b>8.9</b>	(2.0)	(2.1)
Taxation	-	-	4.4
<b>Profit / (loss) for the financial period from continuing operations</b>	<b>8.9</b>	(2.0)	2.3
Profit for the financial period from discontinued operations	0.3	1.1	1.3
<b>Profit / (loss) for the financial period</b>	<b>9.2</b>	(0.9)	3.6
<b>Cash and cash equivalents</b>	<b>13.8</b>	11.3	12.6

<sup>1</sup> Earnings before interest, tax, depreciation, amortisation, impairment and share option charge. See note 12 for reconciliation.

### Revenue

NIOX® revenues for the period were £15.5 million (H1 2021: £14.6 million) which include clinical sales of £13.0 million (H1 2021: £12.2 million, or £11.6 million excluding the effect of a one-off revenue item of £0.6 million) and research sales of £2.5 million (H1 2021: £2.4 million). NIOX® clinical revenue represents sales to physicians and hospitals for use in clinical practice and to the Company's distributors, while research revenue is from pharmaceutical companies and contract research organisations (CROs) for use in clinical studies.

The increase in NIOX® revenue was principally attributable to a recovery in testing volumes following the Covid-19 pandemic, with the exception of Japan and China where the impact of Covid-19 on testing volumes is ongoing.

### Gross profit

Gross profit on NIOX® sales was £11.0 million (H1 2021: £9.9 million), with a gross margin of 71% (H1 2021: 68%). Gross margin was higher than the prior period due to a greater proportion of higher margin test kit sales.

### Sales and marketing

Sales and marketing costs decreased to £4.6 million (H1 2021: £6.7 million). There was a significant reduction in the number of dedicated NIOX® sales representatives across the Group during 2021, as a result of the decision to focus on a distributor-led sales model. This led to a much reduced run rate in sales and marketing costs at the end of 2021, which continued during H1 2022.

### Other income

Other income has increased to £8.3 million (H1 2021: £0.1 million). £8.1 million (H1 2021: nil) relates to the recognition of the settlement consideration due from Beyond Air following FDA approval of the LungFit® PH product. The total settlement consideration of \$10.5 million has been recognised, discounted to its present value at the balance sheet date. £0.2 million (H1 2021: £0.1 million) relates to sub-lease rental income in respect of the Chicago property.

### Earnings per share

Basic and diluted profit per share for the period was 2.2p (H1 2021: 0.7p loss) reflecting a profit for the period of £9.2 million (H1 2021: £0.9 million loss), with the increase being the result of the business's improved profitability, largely due to the recognition of the consideration due from Beyond Air.

Excluding the impact of the Beyond Air consideration, basic profit per share for the period was 0.3p (H1 2021: 0.7p loss) reflecting a profit for the period of £1.1 million (H1 2021: £0.9 million loss)

Basic and diluted profit per share from continuing operations was 2.1p (H1 2021: 0.5p loss) reflecting a profit for the financial period of £8.9 million (H1 2021: £2.0 million loss).

#### **Other comprehensive income/(expense)**

Other comprehensive income of £1.5 million (H1 2021: £4.7 million) relates to exchange differences on the translation of the balance sheets of foreign operations into British pound sterling.

The income consists of a £0.5 million gain (H1 2021: £2.5 million) on the translation of intangible assets, a £0.5 million gain (H1 2021: £1.9 million) on the translation of overseas subsidiaries' net assets, a £0.4 million gain (H1 2021: £nil) on the retranslation of intercompany balances which are determined to be long-term investments in nature and a £0.1 million gain (H1 2021: £0.3 million) on the translation of goodwill.

#### **Statement of financial position**

Net assets at 30 June 2022 were £73.2 million (31 December 2021: £66.8 million).

Current liabilities at 30 June 2022 were £10.2 million (31 December 2021: £10.8 million). The decrease is mainly due to lower trade payables, in particular lower accruals.

#### **Cash flow**

The Group's cash position (including cash and cash equivalents) increased from £12.6 million at 31 December 2021 to £13.8 million at 30 June 2022 and £17.6 million at 31 August 2022. The Group has no bank borrowings.

Cash generated from operations during the period aggregated £1.2 million (H1 2021: £0.4 million used in operations), of which £0.1 million (H1 2021: £0.8 million) was used in discontinued operations.

Exchange differences on cash and cash equivalents arose as a result of translation of foreign currency balances at the beginning and end of the relevant period. The exchange gain for the period was £0.4 million (2021: £0.1 million loss).

#### **Foreign exchange exposures**

The Group's activities presently generate a small surplus of US\$ cash flows, a larger surplus of € cash flows and a deficit in £ sterling cash flows and Swedish Krona cash flows. The Group thus benefits from a weak pound and a strong US dollar.

**Michael Roller**

Chief Financial Officer

14 September 2022

## **PRINCIPAL RISKS AND UNCERTAINTIES**

NIOX has considered the principal risks and uncertainties facing the Group for the first six months of 2022 and does not consider them to have changed from those set out on pages 34 to 37 of the 2021 Annual Report and accounts, which is available on the Group's website. A summary of these risks and uncertainties is as follows:

### **Covid-19**

The Covid-19 pandemic is having, and will continue to have, an impact across the Group with the imposition of lockdowns and travel restrictions disrupting global supply chains and resulting in changing consumer behaviour.

### **Cyber security**

If the Group fails to sufficiently detect, monitor, or respond to cyber-attacks against its systems, this may result in disruption of service, compromise of sensitive data, financial loss and reputational damage.

### **Commercial success**

The Group's competitors, many of whom have considerably greater financial and human resources, may develop more effective products, or be able to compete more effectively in the markets targeted by the Group. New companies may enter these markets and novel products and technologies may become available which are more commercially successful than those developed by the Group.

### **Compliance with healthcare regulations**

The Group must comply with complex regulations in relation to the marketing of its devices. These regulations are strictly enforced. Failure by the Group (or its commercial partners) to comply with relevant legislation and regulations in the countries in which it operates may result in criminal and civil proceedings against the Group.

### **Supply Chain**

The Group relies on third parties for the supply of key materials, finished products and services, including shipping. Some materials may only be available from one source, and regulatory requirements may make substitution costly and time-consuming.

The Covid-19 pandemic has caused some supply chain challenges due to increased buying as economies have reopened. There has been a shortage of some components available needed to manufacture sensors and devices, however nothing that has been of sufficient significance to interrupt supply.

### **Foreign exchange fluctuations**

Foreign exchange fluctuations may adversely affect the Group's results and financial condition. The Group records its transactions and prepares its financial statements in British pound sterling, but a significant proportion of its income and expenditure is in United States dollar, Swedish krona, euro and Chinese yuan.



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

		<b>Six months ended 30 June 2022</b>	Six months ended 30 June 2021	Twelve months ended 31 December 2021
		<b>Unaudited</b>	Unaudited	Audited
	Notes	£m	£m	£m
<b>Continuing operations</b>				
Revenue from contracts with customers	3	<b>15.5</b>	14.6	27.9
Cost of sales		<b>(4.5)</b>	(4.7)	(8.9)
<b>Gross profit</b>		<b>11.0</b>	9.9	19.0
Research and development costs		<b>(1.9)</b>	(2.6)	(4.6)
Sales and marketing costs		<b>(4.6)</b>	(6.7)	(11.9)
Administrative expenses		<b>(3.9)</b>	(3.2)	(6.8)
<b>Operating profit / (loss)</b>	3	<b>0.6</b>	(2.6)	(4.3)
Other gains and (losses) - net		<b>0.3</b>	0.7	1.6
Other income	4	<b>8.3</b>	0.1	0.9
Finance costs		<b>(0.3)</b>	(0.2)	(0.3)
<b>Profit / (loss) before tax</b>		<b>8.9</b>	(2.0)	(2.1)
Taxation		-	-	4.4
<b>Profit / (loss) from continuing operations</b>		<b>8.9</b>	(2.0)	2.3
Profit from discontinued operations (attributable to equity holders of NIOX Group plc)	5	<b>0.3</b>	1.1	1.3
<b>Profit / (loss) for the period</b>		<b>9.2</b>	(0.9)	3.6
<b>Other comprehensive income / (expense)</b>				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations		<b>1.5</b>	4.7	(7.8)
<b>Other comprehensive income / (expense) for the period, net of tax</b>		<b>1.5</b>	4.7	(7.8)
<b>Total comprehensive income / (expense) for the period</b>		<b>10.7</b>	3.8	(4.2)

**Earnings per share attributable to owners of the parent during the period (expressed in pence per share)**

		<b>Six months ended 30 June 2022</b>	Six months ended 30 June 2021	Twelve months ended 31 December 2021
		<b>Unaudited</b>	Unaudited	Audited
		<b>Pence</b>	Pence	Pence
<b>Basic earnings per share</b>				
Basic earnings per share for profit / (loss) from continuing operations	6	<b>2.13</b>	(0.48)	0.55
Basic earnings per share for profit / (loss) for the period	6	<b>2.20</b>	(0.69)	0.87
<b>Diluted earnings per share</b>				
Diluted earnings per share for profit / (loss) from continuing operations	6	<b>2.00</b>	(0.48)	0.53
Diluted earnings per share for profit / (loss) for the period	6	<b>2.07</b>	(0.69)	0.83
<b>Adjusted basic earnings per share</b>				
Adjusted basic earnings per share for profit / (loss) from continuing operations	6	<b>0.19</b>	(0.48)	0.55
Adjusted basic earnings per share for profit / (loss) for the period	6	<b>0.26</b>	(0.69)	0.87

Adjusted basic earnings per share eliminates the impact of the Beyond Air settlement consideration.

The notes below are an integral part of these condensed interim consolidated financial statements.



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

		<b>30 June 2022</b>	30 June 2021	31 December 2021
	Notes	<b>Unaudited £m</b>	Unaudited £m	Audited £m
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		<b>0.2</b>	0.1	0.2
Right-of-use assets		<b>1.5</b>	1.5	1.2
Goodwill		<b>4.7</b>	5.0	4.8
Intangible assets		<b>32.6</b>	40.6	37.3
Trade and other receivables	7	<b>6.1</b>	-	-
Deferred tax assets	8	<b>23.1</b>	20.9	23.1
		<b>68.2</b>	68.1	66.6
<b>Current assets</b>				
Inventories		<b>3.6</b>	2.2	2.7
Trade and other receivables	7	<b>6.6</b>	7.9	4.5
Cash and cash equivalents		<b>13.8</b>	11.3	12.6
		<b>24.0</b>	21.4	19.8
<b>Total assets</b>		<b>92.2</b>	89.5	86.4
<b>Equity and liabilities</b>				
Share capital		<b>0.3</b>	0.3	0.3
Share premium		<b>640.4</b>	640.3	640.3
Other reserves		<b>13.8</b>	19.6	16.7
Accumulated losses		<b>(581.3)</b>	(595.0)	(590.5)
<b>Total equity</b>		<b>73.2</b>	65.2	66.8
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Lease liabilities		<b>0.9</b>	1.1	0.9
Deferred tax liabilities	8	<b>7.9</b>	9.5	7.9
		<b>8.8</b>	10.6	8.8
<b>Current liabilities</b>				
Trade and other payables	9	<b>9.6</b>	13.1	10.4
Lease liabilities		<b>0.6</b>	0.6	0.4
		<b>10.2</b>	13.7	10.8
<b>Total liabilities</b>		<b>19.0</b>	24.3	19.6
<b>Total equity and liabilities</b>		<b>92.2</b>	89.5	86.4

The notes below are an integral part of these condensed interim consolidated financial statements.

**Ian Johnson**  
Executive Chairman  
NIOX Group plc

**Michael Roller**  
Chief Financial Officer  
NIOX Group plc

Registered number: 05822706

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

		<b>Six months ended 30 June 2022</b>	Six months ended 30 June 2021	Twelve months ended 31 December 2021
	Notes	<b>Unaudited £m</b>	Unaudited £m	Audited £m
<b>Cash flows from operating activities</b>				
Cash generated from / (used in) operations	10	<b>1.2</b>	(0.4)	1.5
Interest paid		<b>(0.2)</b>	(0.1)	(0.1)
<b>Net cash generated from / (used in) operating activities</b>		<b>1.0</b>	(0.5)	1.4
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment		-	-	(0.1)
Payments for intangible assets		-	-	(0.1)
<b>Net cash used in investing activities</b>		-	-	(0.2)
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares		<b>0.1</b>	5.0	5.0
Share issue transaction costs		-	-	(0.1)
Principal elements of lease payments		<b>(0.3)</b>	(0.4)	(0.8)
<b>Net cash generated from financing activities</b>		<b>(0.2)</b>	4.6	4.1
<b>Net increase in cash and cash equivalents</b>		<b>0.8</b>	4.1	5.3
Cash and cash equivalents at 1 January		<b>12.6</b>	7.4	7.4
Effects of exchange rate changes on cash and cash equivalents		<b>0.4</b>	(0.2)	(0.1)
<b>Cash and cash equivalents at end of period</b>		<b>13.8</b>	11.3	12.6

The notes below are an integral part of these condensed interim consolidated financial statements.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

NIOX Group plc is a public company limited by shares which is listed on the Alternative Investment Market (AIM) and incorporated and domiciled in the United Kingdom. The Company is resident in England and the registered office is Hayakawa Building, Edmund Halley Road, Oxford Science Park, Oxford, OX4 4GB.

The condensed consolidated interim financial statements were approved for issue on 14 September 2022.

The condensed consolidated interim financial statements have not been audited or reviewed. The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for Circassia Group plc for the year ended 31 December 2021 were approved by the Board of Directors on 22 March 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

### Basis of preparation

With effect from 1 September 2022, the name of the Company was changed from Circassia Group plc to NIOX Group plc.

This condensed consolidated interim financial report for the period ended 30 June 2022 has been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting*, except for:

- A statement of changes in equity has not been presented; and
- The deferred tax asset has not been revalued.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report and accounts for the year ended 31 December 2021 and any public announcements made by NIOX Group plc during the interim reporting period.

### Going concern

In assessing the appropriateness of the going concern assumption, the Board has considered the availability of funding alongside the possible cash requirements of the Group and Company. After due consideration, the directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this report.

### Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### Use of estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2021.

### Financial instruments

The Group's financial instruments comprise cash and cash equivalents, receivables and payables arising directly from operations, and derivatives. The directors consider that the fair values of the Group's financial instruments do not differ significantly from their carrying values.

### 2. Financial and capital risk management

The condensed interim financial statements do not include all financial and capital risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

The majority of operating costs are denominated in British pound sterling, United States dollar, Swedish krona, euro and Chinese yuan. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The directors expect foreign exchange volatility to continue to affect the Group's results and the resulting impact will be assessed in the annual report.

### 3. Operating segments

The chief operating decision-maker, the Executive Chairman, examines the Group's performance from a product perspective, and has identified one reportable segment in the continuing business:

- NIOX® relates to the portfolio of products used to improve asthma diagnosis and management by measuring fractional exhaled nitric oxide (FeNO).

The COPD business has been classified as a discontinued operation. Information about this discontinued segment is provided in note 5.

The table below presents operating loss information regarding the Group's operating segments for the periods ended 30 June 2022 and 2021, and the year ended 31 December 2021. Only the results for the Group's continuing activities are included in order to aid comparison.

	NIOX® £m	Head office costs £m	Total £m
<b>Six months ended 30 June 2022</b>			
Revenue	15.5	-	<b>15.5</b>
Operating profit / (loss) from continuing operations	1.9	(1.3)	<b>0.6</b>
<b>Six months ended 30 June 2021</b>			
Revenue	14.6	-	14.6
Operating loss from continuing operations	(1.9)	(0.7)	(2.6)
<b>Twelve months ended 31 December 2021</b>			
Revenue	27.9	-	27.9
Operating loss from continuing operations	(2.5)	(1.8)	(4.3)

There were no sales between the segments in either reporting period.

### 4. Other income

	<b>Six months ended 30 June 2022</b>	Six months ended 30 June 2021	Twelve months ended 31 December 2021
	£m	£m	£m
Sub-lease rental income	<b>0.2</b>	0.1	0.2
Government grant	-	-	0.7
Beyond Air settlement consideration	<b>8.1</b>	-	-
<b>Total other income</b>	<b>8.3</b>	0.1	0.9

Beyond Air were granted FDA approval of the LungFit® PH product on 28 June 2022, and therefore other income and a corresponding receivable was recognised for the total consideration of \$10.5 million, discounted to its present value. See note 7 for further detail.

The government grant relates to a grant received by Circassia Inc. from the US government under the Payment Protection Program. The amounts are not repayable as forgiveness of the grant was approved on 25 March 2021.

## 5. Discontinued operations

On 9 April 2020, an agreement was signed to hand back the Tudorza® and Duaklir® licences to AstraZeneca and as such, the results of the COPD operating segment are reported as a discontinued operation. There were no assets or liabilities classified as held for sale in relation to the discontinued operation.

Financial information relating to the discontinued operation is set out below:

<b>Profit for the period</b>	<b>Six months ended 30 June 2022</b>	Six months ended 30 June 2021	Twelve months ended 31 December 2021
	<b>£m</b>	£m	£m
Revenue	<b>0.3</b>	2.4	2.5
Cost of sales	-	(0.4)	(0.3)
<b>Gross profit</b>	<b>0.3</b>	2.0	2.2
Expenditure	-	(1.0)	(1.2)
<b>Operating profit</b>	<b>0.3</b>	1.0	1.0
Other gains and (losses) - net	-	0.1	0.3
<b>Profit from discontinued operations</b>	<b>0.3</b>	1.1	1.3
<b>Cashflow</b>			
Net cash (outflow) / inflow from operating activities	<b>(0.1)</b>	(0.8)	0.2
<b>Net cash (used in) / generated from discontinued operations</b>	<b>(0.1)</b>	(0.8)	0.2

The revenue represents credit notes received from AstraZeneca relating to the reversal of accruals associated with historical Medicaid claims dating back to the first half of 2019.

## 6. Earnings per share

	Six months ended 30 June 2022	Six months ended 30 June 2021	Twelve months ended 31 December 2021
	Pence	Pence	Pence
<b>Basic earnings per share</b>			
From continuing operations	2.13	(0.48)	0.55
From discontinued operations	0.07	(0.21)	0.32
<b>Total basic earnings per share attributable to the ordinary equity holders of the Company</b>	<b>2.20</b>	<b>(0.69)</b>	<b>0.87</b>
<b>Diluted earnings per share</b>			
From continuing operations	2.00	(0.48)	0.53
From discontinued operations	0.07	(0.21)	0.30
<b>Total diluted earnings per share attributable to the ordinary equity holders of the Company</b>	<b>2.07</b>	<b>(0.69)</b>	<b>0.83</b>
<b>Adjusted basic earnings per share</b>			
From continuing operations	0.19	(0.48)	0.55
From discontinued operations	0.07	(0.21)	0.32
<b>Total adjusted basic earnings per share attributable to the ordinary equity holders of the Company</b>	<b>0.26</b>	<b>(0.69)</b>	<b>0.87</b>

Adjusted basic earnings per share eliminates the impact of the Beyond Air settlement consideration.

	Six months ended 30 June 2022	Six months ended 30 June 2021	Twelve months ended 31 December 2021
	£m	£m	£m
<b>Reconciliation of earnings used in calculating earnings per share</b>			
<b>Basic and diluted earnings per share</b>			
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating basic and dilutive earnings per share:			
From continuing operations	8.9	(2.0)	2.3
From discontinued operations	0.3	1.1	1.3
	<b>9.2</b>	<b>(0.9)</b>	<b>3.6</b>

	Six months ended 30 June 2022	Six months ended 30 June 2021	Twelve months ended 31 December 2021
	£m	£m	£m
<b>Reconciliation of earnings used in calculating adjusted earnings per share</b>			
<b>Basic and diluted earnings per share</b>			
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating basic and dilutive earnings per share:			
From continuing operations	8.9	(2.0)	2.3
Add back Beyond Air consideration	(8.1)	-	-
	<b>0.8</b>	<b>(2.0)</b>	<b>2.3</b>

The earnings used in calculating basic and diluted earnings per share are the same.

	Six months ended 30 June 2022	Six months ended 30 June 2021	Twelve months ended 31 December 2021
<b>Weighted average number of shares</b>			
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	418,866,323	408,599,132	412,604,673
Adjustments for calculation of diluted earnings per share:			
Share options	24,899,745	-	22,402,289
Deferred shares	-	-	823,467
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<b>443,766,068</b>	408,599,132	435,830,429

As net losses were recorded in the six months ended 30 June 2021, there are no dilutive potential shares in that period.

## 7. Trade and other receivables

	30 June 2022	30 June 2021	31 December 2021
	£m	£m	£m
<b>Receivable within one year</b>			
Trade receivables	4.0	6.1	2.6
Prepayments and accrued income	0.6	1.4	0.9
Other receivables	2.0	0.4	1.0
<b>Total current trade and other receivables</b>	<b>6.6</b>	<b>7.9</b>	<b>4.5</b>
<b>Receivable after one year</b>			
Other receivables	6.1	-	-
<b>Total non-current trade and other receivables</b>	<b>6.1</b>	<b>-</b>	<b>-</b>

Current and non-current other receivables relate to the consideration due from Beyond Air. See note 4 for further detail.

This consideration is receivable in three separate amounts, the present values of which are set out below:

Due date	Amount receivable as at 30 June 2022
	£m
28 August 2022	2.0
28 August 2023	2.7
28 August 2024	3.4
<b>Total Beyond Air settlement consideration</b>	<b>8.1</b>

## 8. Deferred taxation

	Intangibles	Tax losses	Net deferred tax asset
	£m	£m	£m
At 31 December 2021	(7.9)	23.1	15.2
At 30 June 2021	(9.5)	20.9	11.4
<b>At 30 June 2022</b>	<b>(7.9)</b>	<b>23.1</b>	<b>15.2</b>

  

	30 June 2022	30 June 2021	31 December 2021
	£m	£m	£m
Deferred tax liabilities	(7.9)	(9.5)	(7.9)
Deferred tax assets	23.1	20.9	23.1
<b>Total deferred tax asset</b>	<b>15.2</b>	<b>11.4</b>	<b>15.2</b>

The Group does not review the assumptions relating to deferred tax assets at the half year end.

The Group has the following unrecognised potential deferred tax assets as at:

	30 June 2022	30 June 2021	31 December 2021
	£m	£m	£m
Losses	80.0	76.2	80.0
<b>Total unrecognised deferred tax asset</b>	<b>80.0</b>	<b>76.2</b>	<b>80.0</b>

## 9. Trade and other payables

	30 June 2022	30 June 2021	31 December 2021
	£m	£m	£m
Trade payables	0.4	1.1	0.5
Social security and other taxes	0.4	0.2	0.6
Accruals	8.2	11.7	9.0
Other payables	0.6	0.1	0.3
<b>Total trade and other payables</b>	<b>9.6</b>	<b>13.1</b>	<b>10.4</b>

## 10. Cash generated from / (used in) operations

### Reconciliation of profit / (loss) before tax to net cash generated from / (used in) operations

	Six months ended 30 June 2022	Six months ended 30 June 2021	Twelve months ended 31 December 2021
	£m	£m	£m
Profit / (loss) from continuing operations before tax	8.9	(2.0)	(2.1)
Profit from discontinued operations before tax	0.3	1.1	1.3
Profit / (loss) before tax	9.2	(0.9)	(0.8)
Adjustment for:			
Finance costs	0.3	0.1	0.1
Depreciation charge of right-of-use assets	0.3	0.4	0.8
Amortisation charge of intangible assets	2.0	2.1	4.1
Share based payment charge / (credit)	0.3	(0.2)	-
Foreign exchange on non-operating cash flows	(0.8)	(0.9)	(2.1)
Changes in working capital:			
(Increase) / decrease in trade and other receivables	(8.8)	8.5	13.4
(Increase) / decrease in inventories	(0.9)	1.7	1.1
Decrease in trade and other payables	(0.4)	(11.2)	(15.1)
<b>Cash generated from / (used in) operations</b>	<b>1.2</b>	<b>(0.4)</b>	<b>1.5</b>

## 11. Related party transactions

There have been no new IAS 24 related-party transactions in the first six months of the current financial year.

## 12. Reconciliation of alternative performance measures

### Adjusted EBITDA

Adjusted EBITDA excludes items of income and expenditure which might have an impact on the quality of earnings, such as share option charge/ credit.

Adjusted EBITDA is an alternative performance measure which management considers provides a useful insight on underlying profitability.

Adjusted EBITDA reconciles to operating profit / (loss) as below:

	Six months ended 30 June 2022	Six months ended 30 June 2021	Twelve months ended 31 December 2021
	£m	£m	£m
Adjusted EBITDA	3.2	(0.3)	0.6
Depreciation	(0.3)	(0.4)	(0.8)
Amortisation	(2.0)	(2.1)	(4.1)
Share option (charge) / credit	(0.3)	0.2	-
<b>Operating profit / (loss)</b>	<b>0.6</b>	<b>(2.6)</b>	<b>(4.3)</b>

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report. The directors of NIOX Group plc are listed on pages 40 to 43 of the annual report.

The directors are responsible for the maintenance and integrity of the Group's website [www.investors.niox.com](http://www.investors.niox.com). Legislation in the UK governing the preparation and dissemination of interim financial statements may differ from legislation in other jurisdictions.

### On behalf of the Board

Ian Johnson  
**Executive Chairman**  
14 September 2022

Michael Roller  
**Chief Financial Officer**